



Republican Policy Committee

Don Nickles, Chairman Kelly Johnston, Staff Director 347 Russell Senate Office Building (202)224-2946

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Senate Budget Calls for Slower Growth in Medicaid Spending

"Today, Medicaid and Medicare are going up at three times the rate of inflation. We propose to let it go up at two times the rate of inflation. That is not a Medicare or Medicaid cut.

"So when you hear all this business about cuts, let me caution you that that is not what is going on. We are going to have increases in Medicare and Medicaid, and a reduction in the rate of growth."

President Clinton
October 5, 1993 Speech to AARP

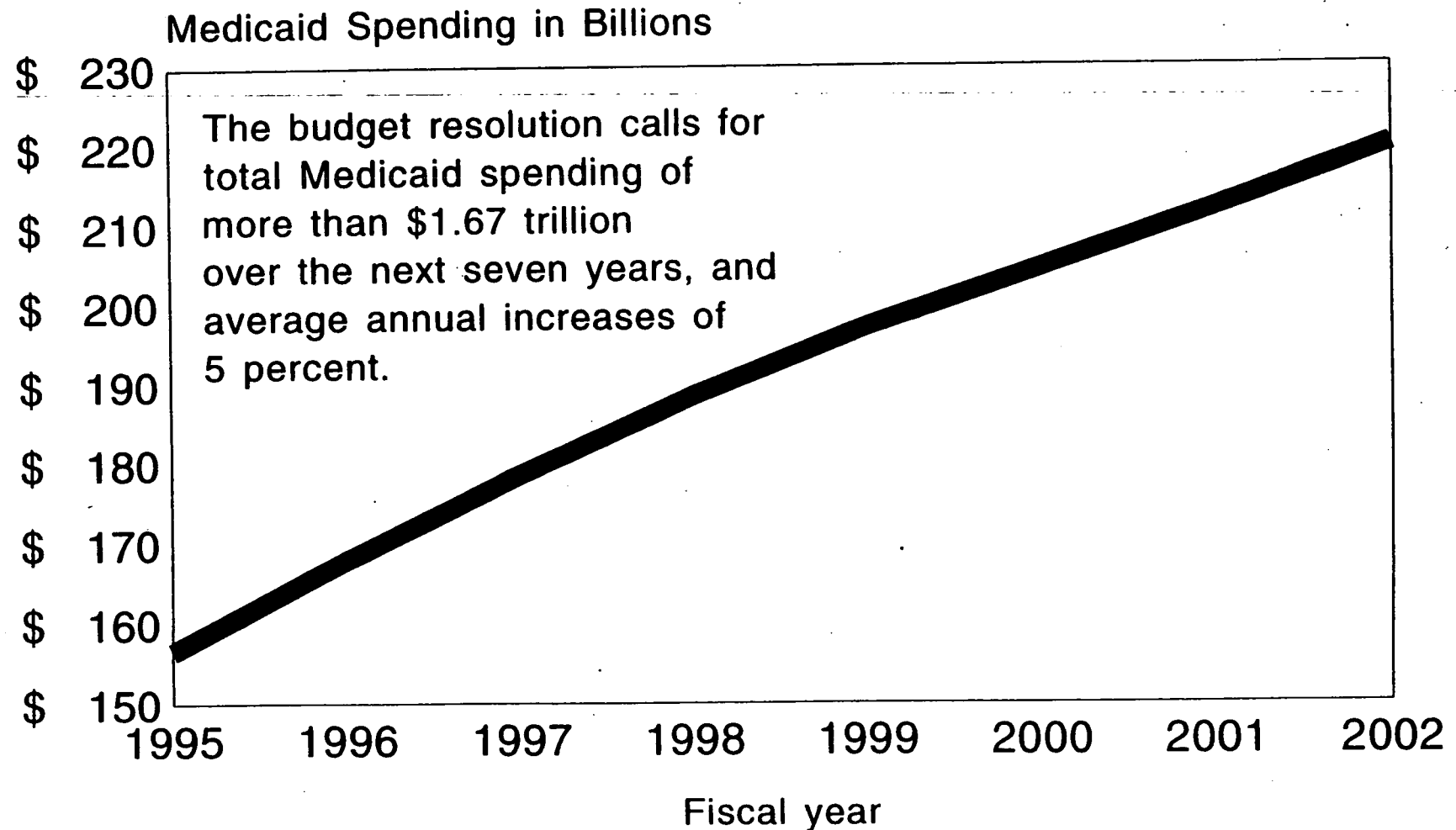
- Medicaid spending is growing at staggering rates. CBO projects that federal spending on the program will grow at an average annual rate of 10.4 percent between fiscal years 1995 and 2002 — roughly three times the projected rate of inflation.
- Under the resolution reported by the Senate Budget Committee (S. Con. Res. 13), federal Medicaid spending would continue to grow.
 - Total Medicaid spending over the next seven years would approach \$1.37 trillion dollars. The federal share of this spending would total \$780 billion.
 - Total Medicaid spending would grow from just over \$157 billion in FY 1995 to nearly \$220 billion in FY 2002 — an increase of more than 40 percent.
 - Annual federal outlays for the program will grow at an average rate of 5 percent between FY 1996 and FY 2002. Growth in federal spending on the program would gradually decrease from 8 percent in FY 1996 to 4 percent in FY 2000 through 2002.

- The Senate budget resolution would allow for a wide range of Medicaid restructuring proposals, including reforms that would give states more flexibility in how they deliver health care services.
 - States already are seeking relief from federal Medicaid mandates. Eighteen states have either sought or obtained waivers from HHS.
 - The budget resolution would allow for reforms that would enable each state to provide medical assistance in a way that best suits the needs of its indigent citizens.
- The Budget Committee proposes to slow the rate of growth in Medicaid, just as the Clinton Administration did in 1993 and 1994. But there is a difference.
 - The Senate budget resolution would reduce federal control over the program and permit more state innovation.
 - The Clinton Administration would have imposed a one-size-fits-all Washington-run health care system on the states and the American people.
- The budget resolution calls for increased Medicaid spending, but at rates that don't take more out of the paychecks of working people or heap billions of dollars in additional debt on the backs of children.

Staff Contact: Doug Badger, 224-2946

Medicaid Grows Under Budget Resolution

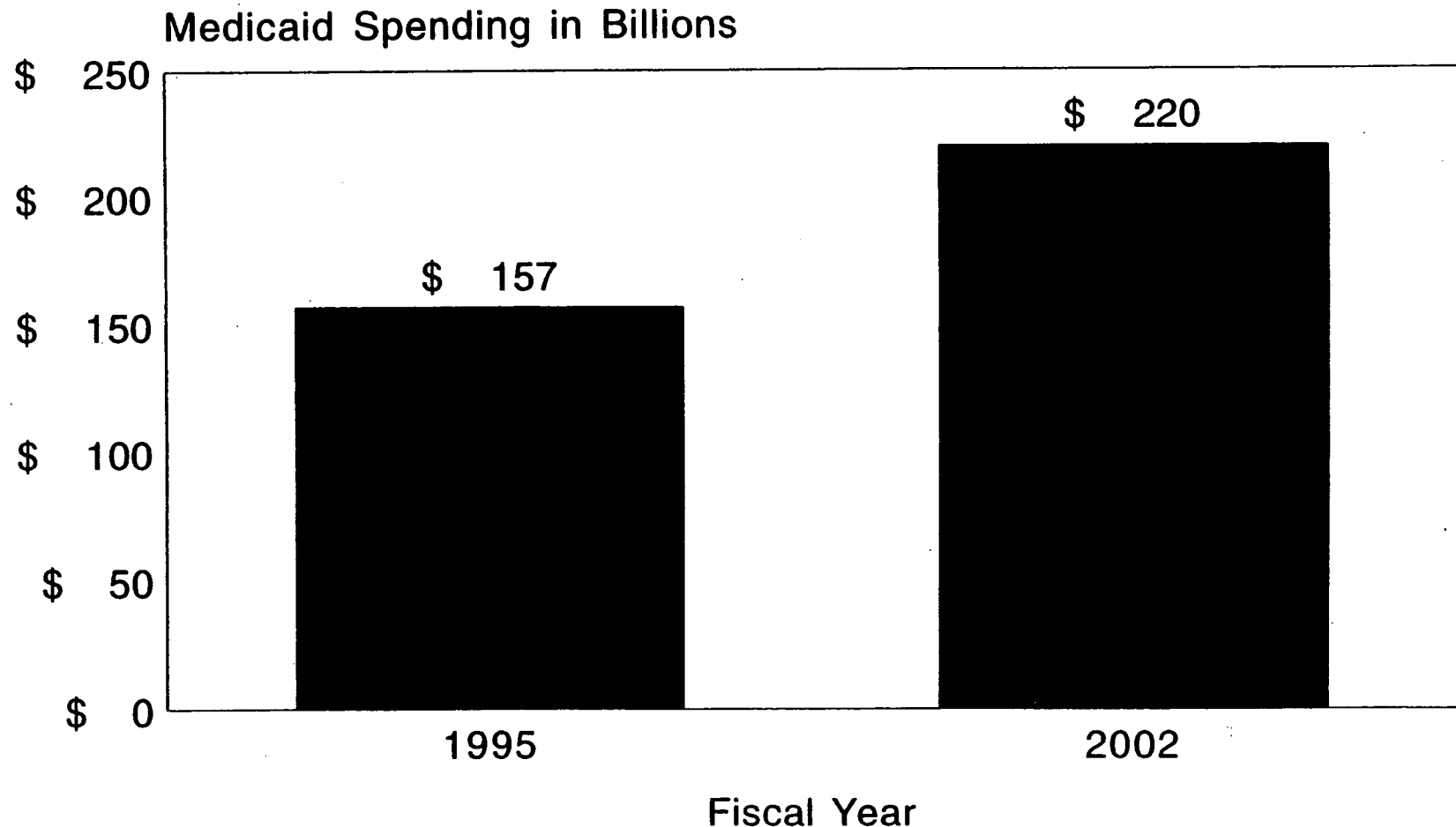
Proposed Total Medicaid Spending
(Fiscal Years 1995-2002)



Source: Senate Budget Committee

Medicaid Spending: 1995 vs. 2002

Proposed Total Medicaid Spending
Under Budget Resolution



Source: Senate Budget Committee